

THE SECRETARY OF THE TREASURY
WASHINGTON

OCT 24 1955

To Heads of Bureaus
Treasury Department

From December 31, 1952, to August 31, 1955, the Treasury has reduced its civilian personnel from 87,846 to 79,397 and its military personnel in Coast Guard from 35,694 to 28,986. The reduction of 15,157, or 12 percent, is due largely to constant searching for more economical and proper ways of providing the essential services required of the Department. We have had a net reduction of about \$45 million annually in operating costs from fiscal 1953 to fiscal 1955, despite the assumption of \$25 million additional costs in fiscal 1955 for general pay increases, penalty mail, and expenses of certain liquidating functions transferred to Treasury.

The success of the Administration's efforts to balance the budget by June 30, 1956, depends on substantial further reductions of expenditures while maintaining proper standards of service to the public and an increase of Government revenue. We must accelerate our search for economies and concentrate on increasing revenue collections by every means at our disposal. With this objective in mind and to assure that we contribute our share to the budget-balancing effort, it is requested that our current management improvement efforts be augmented by a special full-scale search for economies in each organizational segment with particular emphasis on the following general approach.

1. Review the pros and cons of each formal or informal non-adopted recommendation for effecting economies anywhere in the Department, looking toward adoption or toward establishment of valid reasons for non-adoption.
2. Review the organization structure and combine or eliminate organizational segments, including field installations, wherever economies can be effected and adequate essential service continued.
3. Review each program, function, activity, and operation, and discontinue, combine, curtail, simplify and delegate authority to act to the maximum degree possible consistent with essential requirements and good management practices.
4. Review the products produced and commercial-type services performed with a view to discontinuing types not absolutely essential and having others produced or performed by commercial firms where economies can be effected.
5. Determine the need for printing and reproduction work, reports, forms, space, equipment, communications, supplies, personnel, travel, etc., and eliminate or curtail where feasible.

I have asked the Administrative Assistant Secretary to organize, direct and report on progress of the review through the facilities of his office, the Treasury Management Committee and the various bureaus.